

LifeSpeak Inc. Announces Third Quarter 2021 Results

- Third quarter 2021 revenue of \$5.9 million, an increase of 135% compared to the same period in 2020
- Third quarter 2021 Adjusted EBITDA of \$1.6 million, an increase of 76% over the same period in 2020
- Client count increase of 42% to 270 as at Sept. 30, 2021, compared to 190 as at Sept. 30, 2020; includes a total of 12 embedded solutions clients
- Completed a \$125.0 million Initial Public Offering on the Toronto Stock Exchange
- Subsequent to quarter end, completed the acquisition of LIFT session and ALAViDA to further enhance the LifeSpeak technology platform, service offering and client base

TORONTO, Nov. 10, 2021 /CNW/ - LifeSpeak Inc. ("**LifeSpeak**" or the "**Company**") (TSX: LSPK), the mental health and total wellbeing platform for employee and customer-focused organizations, today announced its unaudited three and nine month financial and operational results for the period ended September 30, 2021, marking its first full quarterly results as a public company. All references to dollar values in this press release are in Canadian dollars, unless otherwise indicated.

"Our third quarter was an exciting period for LifeSpeak, with many significant achievements in all aspects of the business," said Michael Held, CEO and Founder of LifeSpeak. "Our underlying fundamentals remained strong, and we continued to meaningfully increase our client base and Annual Recurring Revenue, while also completing our Initial Public Offering. Subsequent to quarter end, we completed the acquisitions of LIFT session and ALAViDA, demonstrating our commitment to executing on our strategy of acquiring high-quality, additive technologies and services that augment our platform. We believe that our mental health and total wellbeing platform for employee and customer-focused organizations provides significant value to our clients, and our quarterly results continue to reflect that."

Consolidated Business Highlights for the Three and Nine Months Ended September 30, 2021

(All capitalized terms not defined herein shall have the meaning ascribed to them in the Management's Discussion and Analysis for the three and nine months ended September 30, 2021, unless otherwise stated)

- On July 6, 2021, completed a \$125.0 million Initial Public Offering of shares on the Toronto Stock Exchange and subsequently repaid \$10 million of non-revolving term loan.
- Third quarter 2021 revenue reached \$5.9 million, an increase of 135% compared to the same period in 2020, representing a continuing trend of growth in the adoption of the Company's platform.
- Nine-month 2021 revenue reached \$16.4 million, an increase of 138% compared to the same period in 2020.
- Annual Recurring Revenue (ARR) of \$24.0 million as at September 30, 2021, an increase of 128% over the same date in 2020, representing a continuing trend of growth in ARR.
- Third quarter 2021 Adjusted EBITDA of \$1.6 million, an increase of \$0.7 million, or 76%, over the same period in 2020.
- Nine-month 2021 Adjusted EBITDA of \$5.7 million, an increase of \$3.7 million, or 187%, over the same period in 2020.
- LTM Adjusted EBITDA margin of 36% as at September 30, 2021.
- Third quarter 2021 net loss of \$20.1 million, a decrease of \$19.9 million compared to the same period in 2020, largely due to the costs incurred in relation to our IPO.
- Third quarter 2021 Adjusted Net Income of \$1.3 million, an increase of \$0.5 million over the same period in 2020.
- Total client count of 270 as at September 30, 2021, a 42% increase when compared to 190 at the same date in 2020.
 - Notable enterprise client additions for the quarter included Lego Group (USA), R.R. Donnelley (USA), McKesson Corporation (Canada), Majorel Group (Europe), Celestica (International), and Canaccord Genuity (International) bringing the Company's total enterprise client count to 258 at the end of Q3.
 - Embedded solution segment momentum continued through the third quarter as global growth accelerated with the addition of new embedded partnerships such as Humana (USA) and ICAS Digital Health Limited (UK), bringing the Company's total embedded client count to 12 at the end of Q3.

Highlights Subsequent to Quarter End

- Following the end of the third quarter, LifeSpeak demonstrated its focus on executing a disciplined acquisition strategy by completing the acquisition of LIFT session, a B2B-focused physical wellness technology platform, and ALAViDA, an employer-focused cognitive-behavioral therapy and Substance Use Disorder support platform.
- The LIFT acquisition was announced on October 12th, and was completed for total consideration of \$15.0 million, consisting of \$9.5 million in cash and approximately 550,000 common shares of the Company issued at the initial public offering price of \$10.00 per share.
- The ALAViDA acquisition was announced on October 14th, and was completed for a \$7.0 million cash payment, with the potential for up to an additional \$5.0 million earnout based on predetermined 2022 revenue milestones.
- Including LIFT and ALAViDA, the Company's pro forma results giving effect to these acquisitions would have been:
 - Third quarter 2021 revenue of \$6.8 million;
 - ARR of \$27.3 million; and
 - Unique client count of 295
- Following the end of the third quarter, LifeSpeak continued to execute on its global expansion strategy, signing enterprise client agreements with Bruce Power (Canada), CIUSS de la Capitale Nationale (Canada) and Banner Health (USA), among others. The Company has also signed additional high profile embedded client agreements, including with Safe Harbor Health (USA).

Upcoming Events

- TD Securities Virtual Technology Conference (November 15/16, 2021)
- Canaccord Genuity Health & Wellness Conference (November 16, 2021)
- Roth Capital Technology Conference (November 18, 2021)
- Desjardins Digital Healthcare Conference (November 30, 2021)

Financial Results for the Three and Nine Months Ended September 30, 2021

Selected Consolidated Financial Information (In thousands of Canadian dollars)

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2021	2020	2021	2020
Revenue	5,921	2,519	16,428	6,907
Less:				
Product Development and Content	671	156	1,455	648
Gross Profit.....	5,250	2,363	14,974	6,258
Gross Profit Margin ⁽¹⁾				
Gross Profit Margin.....	89%	94%	91%	91%
Deduct Expenses:				
Sales and marketing.....	2,525	872	6,150	2,621
General and administrative.....	2,151	607	4,960	2,870
Share-based compensation.....	3,865	--	5,198	--
Foreign exchange loss (gain).....	(103)	109	(26)	172
Depreciation.....	28	14	56	42
	8,466	1,602	16,339	5,705
Income (loss) before restructuring and other costs and finance expense.....	(3,216)	761	(1,365)	553
Restructuring and other costs ⁽²⁾	16,587	888	17,502	1,327
Finance expense, net.....	273	65	611	212
Income (loss) before income taxes.....	(20,076)	(192)	(19,478)	(987)
Income taxes (recovery)	--	--	--	--
Net income (loss)	(20,076)	(192)	(19,478)	(987)
Non-IFRS Measures				
Adjusted Gross Profit ⁽³⁾	5,336	2,363	15,060	6,258
Adjusted Gross Profit Margin ⁽⁴⁾	90%	94%	92%	91%
EBITDA ⁽⁵⁾	(19,775)	(113)	(18,810)	(732)
Adjusted EBITDA ⁽⁶⁾	1,561	885	5,653	1,967
Adjusted Net Income (Loss) ⁽⁷⁾	1,260	806	4,986	1,713

- (1) Gross profit margin is calculated as gross profit divided by revenue for the relevant period.
- (2) Restructuring and other costs are costs related to the entry into of the Company's credit agreement and recapitalization distributions and expenses related to the investment by the Institutional Investors and costs and expenses in connection with the Company's IPO and related matters.
- (3) "**Adjusted Gross Profit**" has the meaning ascribed herein under "*Non-IFRS Measures and Key Performance Indicators*".
- (4) Adjusted gross profit margin is calculated as adjusted gross profit divided by revenue for the relevant period.
- (5) "**EBITDA**" has the meaning ascribed herein under "*Non-IFRS Measures and Key Performance Indicators*".
- (6) "**Adjusted EBITDA**" has the meaning ascribed herein under "*Non-IFRS Measures and Key Performance Indicators*".
- (7) "**Adjusted Net Income (Loss)**" has the meaning ascribed herein under "*Non-IFRS Measures and Key Performance Indicators*".

Conference Call Notification

The Company will hold a conference call to provide a corporate update on Wednesday, November 10, 2021 at 8:30 a.m. ET, hosted by:

- Nolan Bederman, Executive Chairman
- Michael Held, CEO
- Michael McKenna, CFO

A question-and-answer session will follow the corporate update.

CONFERENCE CALL DETAILS

DATE: Wednesday, November 10, 2021
 TIME: 8:30 a.m. ET
 DIAL-IN NUMBERS: 1-226-828-7575 or toll free at 1-833-950-0062
 REFERENCE NUMBER: 452313

This live call is also being webcast and can be accessed by going to:

<https://event.on24.com/wcc/r/3409395/3DE7852C17B20840C4F46EE4E771762B>

An archived replay of the webcast will be available for two weeks by clicking the link above.

Non-IFRS Measures and Key Performance Indicators

LifeSpeak supplements its results of operations determined in accordance with IFRS with certain non-IFRS financial measures and key performance indicators that the Company believes are useful to investors, lenders and others in assessing its performance and which highlight trends its core business that may not otherwise be apparent when relying solely on IFRS measures. LifeSpeak management also uses non-IFRS measures and key performance indicators for purposes of comparison to prior periods, to prepare annual operating budgets, for the development of future projections and earnings growth prospects, to measure the profitability of ongoing operations and in analyzing our financial condition, business performance and trends. As such, these measures and indicators are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective, including how it evaluates its financial performance and how it manages its capital structure. LifeSpeak also believes that securities analysts, investors and other interested parties frequently use these non-IFRS measures and key performance indicators in the evaluation of issuers. These non-IFRS measures and key performance indicators are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and may include or exclude certain items as compared to similar IFRS measures, and such measures may not be comparable to similarly-titled measures reported by other companies. Accordingly, these measures and indicators should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS.

Non-IFRS Measures

Adjusted Gross Profit

"Adjusted Gross Profit" is defined as gross profit before bonus accruals for certain employees recorded in period, that relate to previous periods.

Selected Consolidated Financial Information (In thousands of Canadian dollars)	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2021	2020	2021	2020
Gross Profit.....	5,250	2,363	14,974	6,258

Add:

IPO specific adjustments related to salaries and benefits.....

Adjusted Gross Profit.....

Adjusted gross profit margin ⁽¹⁾ .

(1)

86	--	86	--
5,336	2,363	15,060	6,258
90%	94%	92%	91%

Adjusted gross profit margin is calculated as adjusted gross profit divided by revenue for the relevant period.

EBITDA

"EBITDA" is defined as net profit or loss before income tax expenses, finance costs and depreciation and amortization

Adjusted EBITDA

"Adjusted EBITDA" is defined as EBITDA before non-recurring restructuring and other costs related to the entry into of the Company's credit agreement and recapitalization distributions, expenses related to the investment by the Institutional Investors, costs and expenses in connection with the Company's IPO and related matters, share-based compensation, foreign exchange loss (gain) and shareholders distributions. These non-recurring costs are independent events which are non-recurring in nature and occurred over several financial periods.

Selected Consolidated Financial Information (In thousands of Canadian dollars)

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2021	2020	2021	2020
Net income (loss).....	(20,076)	(192)	(19,478)	(987)
Add:				
Depreciation expense.....	28	14	56	42
Finance expense.....	273	65	611	212
Income tax expense.....	--	--	--	--
EBITDA ⁽¹⁾	(19,775)	(113)	(18,810)	(732)
Add:				
Restructuring and other costs ⁽²⁾	16,587	888	17,502	1,327
Share-based compensation.....	3,865	--	5,198	--
Foreign exchange loss (gain)	(103)	109	(26)	172
Shareholders distributions ⁽³⁾	--	--	600	1,200
Additional one-time costs ⁽⁴⁾	987	--	1,189	--
Adjusted EBITDA ⁽⁵⁾	1,561	885	5,653	1,967

(1)

"EBITDA" has the meaning ascribed herein under "Non-IFRS Measures and Key Performance Indicators".

(2)

Restructuring and other costs are costs related to the entry into of the Company's credit agreement and recapitalization distributions and expenses related to the investment by the Institutional Investors and costs and expenses in connection with the Company's IPO and related matters.

(3)

Shareholders distributions includes private company legacy profit sharing payment to shareholders.

(4)

One-time costs related to IPO specific adjustments related to salaries and benefits.

(5)

"Adjusted EBITDA" has the meaning ascribed herein under "Non-IFRS Measures and Key Performance Indicators".

Adjusted Net Income

"Adjusted Net Income (Loss)" is defined as net income (loss) before non-recurring restructuring and other costs related to the entry of the Company's credit agreement and recapitalization distributions, expenses related to the investment by the Institutional Investors and costs and expenses in connection with the Company's IPO and related matters, share-based compensation, foreign exchange loss (gain). These non-recurring costs are independent events which are non-recurring in nature and occurred over several financial periods.

Selected Consolidated Financial Information (In thousands of Canadian dollars)

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2021	2020	2021	2020
Net income (loss).....	(20,076)	(192)	(19,478)	(987)
Add:				
Restructuring and other costs ⁽¹⁾	16,587	888	17,502	1,327
Share-based compensation.....	3,865	--	5,198	--
Foreign exchange loss (gain)	(103)	109	(26)	172
Shareholders distributions ⁽²⁾	--	--	600	1,200
Additional one-time costs ⁽³⁾	987	--	1,189	--
Adjusted Net Income (Loss) ⁽⁴⁾	1,260	806	4,986	1,713

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Restructuring and other costs are costs related to the entry into of the Company's credit agreement and recapitalization distributions and expenses related to the investment by the Institutional Investors and costs and expenses in connection with the Company's IPO.

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(3)

One-time costs related to IPO specific adjustments related to salaries and benefits.

Key Performance Indicators

Annual Recurring Revenue

"Annual Recurring Revenue" or "ARR" is equal to the annualized value of contracted recurring revenue from all clients of our platform at the date being measured. Contracted recurring revenue is revenue generated from clients who are, as of the date being measured, party to contracts with LifeSpeak. Such revenue is annualized by: (i) in the case where a contract was in existence for the entire month, multiplying recognized revenue in the calendar month of the date measured by 12; and (ii) in the case where a contract was entered into mid-month, extrapolating recognized revenue at the date measured for the entire calendar month, and then multiplying by 12. Contract lengths typically range from one to three years and, based on our past experience, the vast majority of clients renew their contracts upon expiry. ARR is mainly comprised of revenue from enterprise and embedded solutions and includes revenue from small business and ancillary services (comprised of portals, kits and events purchased by our existing clients or distributed through our channel partners). ARR provides a consolidated measure by which we can monitor the longer-term trends in our business.

About LifeSpeak Inc.

LifeSpeak is a leading software-as-a-service provider of a platform for mental health and total wellbeing education for organizations committed to taking care of their employees and customers. With 17+ years of experience creating and curating thousands of expert-led micro-learning videos and other digital content, LifeSpeak's proprietary library's depth and breadth of easily consumable content helps companies around the world support their people anytime and anywhere. LifeSpeak serves a diverse global client base across many industries and sectors, including Fortune 500 companies, government agencies, insurance providers, and other health technology firms. LifeSpeak is the parent company of Lift Digital Inc. ("LIFT" or "LIFT session") and ALAViDA Health Ltd. ("ALAViDA"). To learn more, follow LifeSpeak on LinkedIn (<http://www.linkedin.com/company/lifespeak-inc>), or visit www.LifeSpeak.com.

Forward-Looking Information

This press release includes "forward-looking information" within the meaning of applicable securities laws. Such forward-looking information includes, but is not limited to, information with respect to our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimates and intentions.

In some cases, but not necessarily in all cases, forward-looking information can be identified by the use of forward-looking terminology and phrases such as "forecast", "target", "goal", "may", "might", "will", "could", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict", or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking information, including references to assumptions. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts nor guarantees or assurances of future performance but instead represent management's current beliefs, expectations, estimates and projections regarding possible future events, circumstances or performance.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that, while considered reasonable by LifeSpeak as of the date of this release, is subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Important factors that could cause actual results to differ, possibly materially, from those indicated by the forward-looking information include, but are not limited to, the risk factors identified under "*Risk Factors*" in the Company's prospectus dated June 28, 2021 (the "**IPO Prospectus**"), and in other periodic filings that the Company has made and may make in the future with the securities commissions or similar regulatory authorities in Canada, all of which are available under the Company's SEDAR profile at www.sedar.com. These factors are not intended to represent a complete list of the factors that could affect LifeSpeak. However, such risk factors should be considered carefully. There can be no assurance that such estimates and assumptions will prove to be correct. You should not place undue reliance on forward-looking information, which speak only as of the date of this release. LifeSpeak undertakes no obligation to publicly update any forward-looking information, except as required by applicable securities laws.

For investor inquiries, please contact: Michael McKenna, mikemckenna@lifespeak.com, Chief Financial Officer & Secretary, LifeSpeak Inc., Or: Adam Peeler, on behalf of: LifeSpeak Inc., 416.427.1235, adam.peeler@loderockadvisors.com